ANNUAL REPORT

2011-2012

LAW FOUNDATION OF NOVA SCOTIA

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The Law Foundation of Nova Scotia was established in 1976 by amendment to the *Barristers' and Solicitors' Act* (now *The Legal Profession Act*). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate.

A Board of Governors, consisting of up to nine members, administers the Foundation. The Board meets 4-5 times per year and reviews applications at its winter meeting. The Governor in Council appoints up to five members. The Nova Scotia Barristers' Society appoints four. This year, the members of the Board were:

Paulette Anderson Josh Arnold, Q.C. George W. Hudson, C.A. Anna Paton M. Estelle Theriault, Q.C.	Governor in Council appointments
Robert G. MacKeigan, Q.C. Margaret M. MacKenzie A. Robert Sampson, Q.C. M. Gerard Tompkins, Q.C.	Nova Scotia Barristers' Society Council appointments

The Governor in Council appoints the Chair from the members of the Board, upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society. Currently, the Chair is Robert G. MacKeigan, Q.C.. The other officers of the Board are A. Robert Sampson, Q.C. - Vice-Chair, Margaret MacKenzie - Secretary and M. Gerard Tompkins, Q.C. - Treasurer.

The Foundation employs two part-time staff members:

- Karen Hollett, *Acting Executive Director*
- Kathy Samson, *Executive Assistant*

MANDATE

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

Visit www.nslawfd.ca for more information on the Law Foundation of Nova Scotia.

CHAIR'S MESSAGE

These have been challenging financial times for the Law Foundation. In 2011-2012, for the 3rd year in a row, the Law Foundation used reserve funds to ensure consistent support for its grantees.

The Foundation's primary source of income is the interest earned on lawyers' trust accounts. As a result, the Foundation's revenue fluctuates with the prime rate. The prime rate of interest stayed consistently low (3%) throughout the past year, resulting in trust account revenue totalling $796,307. This is up from $471,558 in 2010-2011, when the prime rate was 2.25% at the start of the fiscal year, rising to 3% by year-end.

The coming years will likely continue to be lean financial ones for the Foundation as revenue from interest on trust accounts is not likely to increase throughout 2012 and 2013. In February 2012, the Board approved nineteen grants totalling over $1.1 million to be disbursed throughout 2012-2013. This is a decrease from twenty-four grants totalling over $1.5 million disbursed in 2011-2012. For 2012-2013, no new grants were awarded, a small number of grants were denied and practically all remaining applicants received less than the amount requested in their applications. The decision to decrease, and in some cases deny, applications was a very difficult one for the Board but the long-term sustainability of the Foundation necessitated tighter restraints. Because trust account revenues were lower than the approved grants, and the value of the investments had decreased, the Foundation's reserve was reduced by close to $750,000 in 2011-2012 and will likely decrease again during 2012-2013.

We are proud of our grantees who continue to do important work providing Nova Scotians with access to legal information and assistance. We hope that in the coming year the world economy stabilizes and improves, allowing us to, once again, consider increasing our support. A number of our grantees received special recognition this year for their work and we are pleased to highlight a few in the AWARDS & RECOGNITION section below.

This was also a year of change for the Foundation.

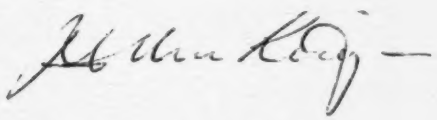
We welcomed Paulette Anderson, from New Glasgow, to the Board this year. Paulette brings a great deal of experience and a rural community viewpoint that have already added greatly to the discussions of the Foundation. Following a long career with the Departments of Community Services, Housing and Consumer Affairs, providing the delivery of programs and services to a broad spectrum of Nova Scotians, Paulette became involved with the voluntary sector. She became a Public Representative for the Nova Scotia Barristers' Society for a period of five years, serving the Society on various committees and in various roles. The Foundation is fortunate to have her join the Board.

Toward the end of the fiscal year, the Foundation was notified by its landlord that its offices were to be moved to allow for expansion of a neighbouring tenant. As a result, preparations are underway to relocate the Foundation's office to a smaller space on the 13th floor of Cogswell Tower at the beginning of May 2012.

During the year, the Foundation's Executive Director, Kerry Oliver, began a 14-month leave of absence and we are very fortunate that Karen Hollett agreed to be the Acting Executive Director during Kerry's absence. I would like to express my appreciation to Kerry, Karen and Kathy Samson for their extra efforts in preparation for, and during, Kerry's absence and for their diligent work throughout the year.

I would also like to take this opportunity to sincerely thank the members of the Board for volunteering their time and generously contributing to the work of the Foundation and access to justice in Nova Scotia. Without their support, the work of the Foundation would not be possible.

Respectfully submitted,



Robert G. MacKeigan, Q.C., Chair

March 31, 2012

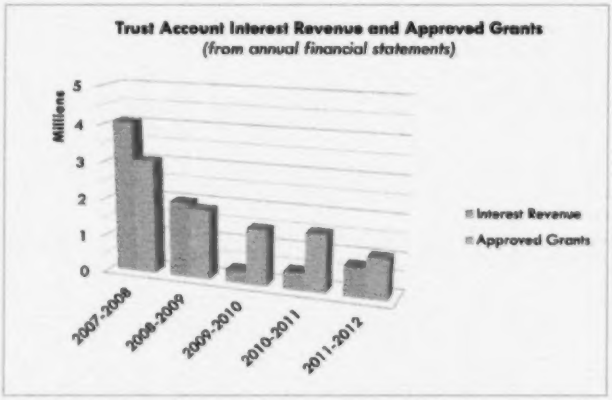
REVENUE

The Law Foundation's ability to make grants depends on revenue generated primarily from interest on lawyers' pooled trust accounts. The Foundation keeps these funds invested until distribution. Trust account revenue fluctuates with the balances in the trust accounts and particularly with the prime rate of interest.

Changes in the prime rate of interest can produce dramatic results. The Foundation has seen its revenue from interest on trust accounts change from over $4 million in 2007-2008 to $331,560 in 2009-2010 and $471,558 in 2010-2011. In 2011-12, the prime rate remained consistent at 3% throughout the year, resulting in trust account revenue of $796,307.

RESERVE

Fluctuations in the Foundation's income are reflected in the amount of money available to be awarded in grants. It was recognized early in the Foundation's history that a severe decline in the prime rate could force the Board to reduce or terminate grants. To help protect against this, the Foundation established a reserve in 1986 to be used to maintain regular grants in periods when low interest rates result in insufficient income to fund grants.



For the past three years, the Foundation has used monies from its reserves to maintain as consistent support as possible for the grantees. During 2010 – 2011, the Foundation's reserves were decreased by over $500,000 in order to help grantees survive the downturn. During 2011 – 2012, the Foundation's reserves were further reduced by close to $750,000.

In considering grant applications for the 2012-2013 year, the Board became increasingly concerned with the sustainability of the Foundation. Large draws on the reserves over the past number of years, coupled with indications that the prime rate will likely remain at 3% throughout 2012 and 2013, resulted in the Board making difficult decisions about some of the applications before it. The Board has approved grants in excess of $1.1 million to be disbursed in 2012-2013. Even with reductions in grants, the Foundation will have to once again use its reserve funds to sustain the grants that have been approved.

At the beginning of this fiscal year, the reserve totalled $3,595,105. As of March 31, 2012, the reserve was $2,848,553. There was a deficiency of trust account revenue over grants disbursed during 2011-2012 totalling $752,773.

GRANTS

FUNDING GUIDELINES AND APPLICATION PROCEDURES

The Board strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' pooled trust accounts. The Board endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding.

Information concerning the Foundation's funding guidelines and grant application procedure may be obtained by contacting the Executive Director, or by visiting the Foundation's website at www.nslawfd.ca.

GRANT BALANCES REPAID AND UNDISBURSED

During the period April 2011-March 2012 there was an undisbursed balance on the Society of Deaf & Hard of Hearing Nova Scotian's grant of $ 1622.42. As well, during this period the Schulich School of Law - Indigenous Blacks & Mi'kmaq Initiative repaid $19,500 of its 2010-2011 grant.

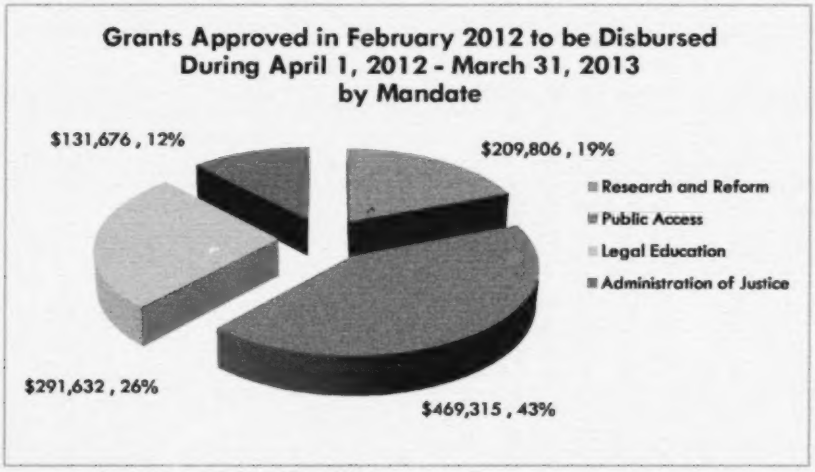
GRANTS AWARDED AND GRANTEE PROFILES

Since its creation in 1976, the Foundation has received approximately $37.3 million in revenue from interest on lawyers' trust accounts, and has awarded over $35 million in grants. More than $2.6 million has also been awarded in scholarships during the past 20 years. These grants and scholarships have promoted improvements in the law, excellence within the profession, and have helped more than 250 organizations make the law more understandable and accessible to the public.

In February 2012, the Board approved grants totaling $1,102,428 for 2012-2013.

GRANTS APPROVED IN FEBRUARY 2012 TO BE DISBURSED DURING APRIL 1, 2012 - MARCH 31, 2013 Total: $1,102,428		
ANTIGONISH WOMEN'S RESOURCE CENTRE	A rural outreach program providing law-related information and support for women & adolescent girls in Canso, Guysborough, Sherbrooke & Antigonish	**$53,732**
AVALON SEXUAL ASSAULT CENTER	Sexual assault legal education, advocacy, support services & policy development	**$50,733**
CONCILIO	Programming and support for prisoners and their families	**$43,745**
COVERDALE COURTWORK SOCIETY	Information & support for women in the criminal court process; counseling & support at parole hearings & pre-release planning	**$56,250**
SCHULICH SCHOOL OF LAW - INDIGENOUS BLACKS & MI'KMAQ INITIATIVE	An initiative to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession	**$58,500**
SCHULICH SCHOOL OF LAW - DALHOUSIE LEGAL AID SERVICE	Legal services , community development & law reform; an educational experience for 3rd year law students	**$111,098**
EAST COAST ENVIRONMENTAL LAW ASSOCIATION	Collaboration among students, academics & practitioners to provide information regarding environmental laws to individuals & organizations; research & advice on improving environmental laws that affect this region	**$47,813**
ELIZABETH FRY SOCIETY CAPE BRETON	Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education	**$75,843**
ELIZABETH FRY SOCIETY MAINLAND NOVA SCOTIA	Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform	**$62,930**
EPIC SOCIETY	After-school programs for youth in conflict with the law & support for parents	**$49,200**
HALIFAX REFUGEE CLINIC	A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters	**$104,672**

KING'S COUNTY SENIORS' SAFETY PROGRAM SOCIETY	A program to provide legal, safety & security information, on an individual & group basis, to seniors in King's County	**$19,500**
LAW REFORM COMMISSION OF NS	Review of provincial laws & recommendations for improvement, modernization & reform	**$106,744**
LEAVE OUT VIOLENCE (LOVE)	Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behaviour	**$12,300**
LEGAL INFORMATION SOCIETY OF NS	Programs providing Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues	**$133,000**
MAINLINE NEEDLE EXCHANGE	A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions	**$39,874**
PRO BONO STUDENTS CANADA AT DALHOUSIE	Law students volunteer their time to provide legal services to public interest community organizations	**$14,247**
REACHABILITY	Access to legal services & plain language information for persons with disabilities across Nova Scotia	**$28,049**
STEPPING STONE ASSOCIATION	Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education	**$34,198**


Grants Approved in February 2012 to be Disbursed During April 1, 2012 - March 31, 2013 by Mandate
$131,676 , 12%
$209,806 , 19%
Research and Reform
Public Access
Legal Education
Administration of Justice
$291,632 , 26%
$469,315 , 43%

AWARDS & RECOGNITION

Halifax Refugee Clinic

The Halifax Refugee Clinic received the Legal Information Society's **Honourable Lorne Clarke, Q.C. Access to Justice Award** for its excellent work in promoting access to justice for refugees. The Clinic, through a small staff and a group of dedicated volunteers, provides refugee claimants with invaluable advice and assistance as they face the refugee application process. Clients also receive assistance with work permits, housing, budgeting, English language skills and access to health care and psychological support.

The LISNS Awards Committee members said they were impressed with the staff and volunteers' passion for the program and their commitment to help some of the most vulnerable people in society. Many lawyers volunteer time to ensure that refugee claimants have access to legal services and to mentor law students.

From left to right, Julie Chamagne, Executive Director of the Clinic, Lee Cohen, Q.C., Founder of the Clinic and Chair of the Board of Directors and Tanya Jones, President of the Board of Directors of LISNS.

The Halifax Refugee Clinic also received a **2011 Human Rights Award** from the Human Rights Commission of Nova Scotia *(photo on left)*. The following is a statement from the press release on the awards: "The winners of these awards have demonstrated their commitment to human rights and have used personal experiences and passion as an inspiration for their tireless efforts," said Karen Fitzner, Human Rights Commission. "It's not just people in the province who have benefitted and learned from their hard work, but people around the world."

Educational Program Innovations Charity Society (EPIC)

EPIC Society, from North Sydney, Cape Breton, was a multiple award winner from the Donner Foundation this year. EPIC runs the Youth, Peer and Parents PEACE which is an after-school program for youth at risk. The program addresses social and academic challenges by matching participants, one-on-one, with older youth volunteers who engage them through tutoring, mentoring, art, music and educational games. Twenty-two community agency partners refer youth to this program which is supplemented by practical workshops to help parents enhance their interactions with their children.

The Society:

- **won the $5,000 Donner Award in the *Services for Children* category**
- **is considered 1 of 8 "consistently high performing organizations" in Canada for 2011**
- **scored highest in the country for financial management**

Elizabeth Fry Society Mainland

Elizabeth Fry Society Mainland was the recipient of a **2011 Minister's Award for Leadership in Crime Prevention** for Our Thyme Café. The Society supports women and girls involved in the criminal justice system. Our Thyme Café provides a wonderful training experience to strengthen the opportunity for a successful reintegration into the community.

Leave Out ViolencE (LOVE)

Another of our grantees, Leave Out ViolencE (LOVE) also received a **2011 Minister's Award for Leadership in Crime Prevention**. By addressing violence as something that is learned and cyclical, LOVE works with victims, perpetrators and witnesses of violence to deliver programming that is preventative and interventional.

From left to right, Mary Young, Lynn Yetman (managers of Our Thyme Cafe) accept the award from Minister Ross Landry.

Congratulations to all of the Law Foundation grantees for their wonderful achievements!

LAW FOUNDATION SCHOLARSHIP FUND

The Foundation established a trust fund in 1981 with an initial grant of $200,000 to provide scholarships to students attending Schulich School of Law at Dalhousie University. There have been several contributions by the Law Foundation to the fund over the years when revenues were more plentiful. The fund provides scholarships for students entering first year, renewable in second and third years. These undergraduate scholarships were valued at $16,000 for the academic year commencing September 2011. The fund also provides fellowships at the graduate level.

A few of the Law Foundation of Nova Scotia Scholarship Recipients Back (left): Katie Skyes, Liam Gillis, Michael Madden, Mathieu Poirier, David Shore; Front (left): Cassandra Armsworthy, Amanda Whitehead

The 2011 – 2012 Law Foundation Scholarships included four entrance scholarships, and a total of three second and third-year scholarships. Two graduate fellowships were awarded. Scholarship payments for the year amounted to $132,000.

Recipients of Law Foundation Scholarships this year were:

Entering 1st Year:	David Shore, Mathieu Poirier, Amanda Whitehead and Liam Gillis
Entering 2nd Year:	Cassandra Armsworthy and Jennifer Huygen
Entering 3rd Year:	Aryo Shalviri
Graduate Fellowships:	Catherine Skyes and Michael Madden

FINANCIAL STATEMENT SUMMARY

A summarized statement of financial position is included on the following page. Please visit the Foundation's website, nslawfd.ca, for audited financial statements.

Summarized statement of financial position as at March 31, 2012

	2012	2011
ASSETS		
Cash	211,812	436,896
Other assets	25,327	22,773
Investments	3,975,197	4,693,524
	4,212,336	**5,153,193**
LIABILITIES AND FUND BALANCES		
Other liabilities	8,847	9,008
Designated grants payable	1,104,936	1,549,080
Payable to Law Foundation of Nova Scotia Scholarship Fund	250,000	-
General and restricted fund balances	2,848,553	3,595,105
	4,212,336	**5,153,193**

Summarized statement of operations for the year ended March 31, 2012

REVENUE		
Interest on trust accounts	796,307	471,558
Investment (loss) income	(245,258)	645,924
	551,049	**1,117,482**
EXPENDITURES		
Grants	1,083,371	1,545,635
Salaries and benefits	110,386	114,345
Rent and common area	19,662	19,355
Brokers' and investment management fees	45,549	62,449
Accounting and audit	8,050	12,261
Other expenses	30,583	29,507
	1,297,601	**1,783,552**
DEFICIENCY OF REVENUE OVER EXPENDITURES		
	(746,552)	**(666,070)**

AUDITOR'S REPORT

To The Board of The Law Foundation of Nova Scotia

The accompanying summarized statements of financial position and operations are derived from the complete financial statements of the Law Foundation of Nova Scotia as at March 31, 2012 for the year then ended. In our independent auditor's report on the complete financial statements dated June 6, 2012, we expressed a qualified opinion because we were unable to satisfy ourselves concerning the completeness of the interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Foundation's financial position, results of operations, changes in fund balances and cash flows, reference should be made to the related complete financial statements.

Halifax, Canada
June 6, 2012

Grant Thornton LLP
Chartered accountants

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